The Mercantile Bank of Canada

THE MERCANTILE BANK OF CANADA
FINANCIAL HIGHLIGHTS

	1979	1978
TOTAL ASSETS	$ 3,108,981,816	$ 2,331,602,535
TOTAL LOANS	$ 2,285,778,160	$ 1,715,606,964
TOTAL REVENUE	$ 320,325,437	$ 197,031,365
BALANCE OF REVENUE AFTER PROVISION FOR INCOME TAXES	$ 23,328,220	$ 17,980,024
PER SHARE	$ 2.92	$ 2.25
BALANCE OF PROFITS FOR THE YEAR	$ 16,128,220	$ 13,580,024
PER SHARE	$ 2.02	$ 1.70
AVERAGE NUMBER OF SHARES OUTSTANDING THROUGHOUT YEAR	8,000,000	8,000,000

ANNUAL REPORT 1979

About the Corporation: The Mercantile Bank of Canada is a Canadian chartered bank offering a full range of domestic and international banking services directed toward the corporate borrower. With $3.1 billion in assets, the Mercantile earned $23.3 million in 1979. Outpacing the Canadian banking industry, the bank completed the year with a 30% or more growth in total earnings, assets, loans and deposits. In 1979, 55.4% of the bank's Canadian dollar loans were over $5 million, while 78.4% were $1 million or larger. The Mercantile has branches and offices in 18 commercial centers across Canada.

	1979	1978
Total assets	**$3,108,981,816**	$2,331,602,535
Total loans	**$2,285,778,160**	$1,715,606,964
Total revenue	**$ 320,325,437**	$ 197,031,365
Balance of revenue after provision for income taxes	**$ 23,328,220**	$ 17,980,024
Per share	**$2.92**	$2.25
Balance of profits for the year	**$ 16,128,220**	$ 13,580,024
Per share	**$2.02**	$1.70
Average number of shares outstanding throughout year	**8,000,000**	8,000,000

FINANCIAL HIGHLIGHTS

The Mercantile Bank of Canada — Who are we? Today, certain misconceptions still prevail in the market place regarding the identity of the Mercantile. This is not difficult to understand. While we are a publicly held Canadian chartered bank, the nature of our business, our size and our historical ownership seem to blur the image we project to various institutions and individuals here in Canada, as well as abroad.

I could go on at great length explaining that we are not a foreign bank or a "near" bank — that we are not a "suitcase bank" or finance company.

I think it is more important today to elaborate on who exactly we are and how we view ourselves. At the same time I would like to explain the basic goals we have set for ourselves and how we're trying to accomplish them in the near term. Finally, I will address some remarks to how we see our future and the applicability of our present goals and actions to it.

One of the misperceptions that we are trying to correct is the extent of Citibank's involvement with the Mercantile.

The Mercantile is 75 per cent owned by Canadians and our board of directors reflects that ownership. While our shares are broadly held in Canada, Citibank, N.A., an American bank, continues to have a slightly more than 24 per cent participation.

Citibank, however, does not manage the Mercantile — no management contract exists. Mercantile's management, under the guidance of our board, initiates the policies and activities of the bank. Our board, by law, is at least 75 per cent Canadian.

Mercantile does have a management assistance contract with Citibank which gives us access to Citi's systems, training programs, and even its personnel for short tours of duty. The Mercantile now has only two individuals on loan from Citibank — myself and one other.

Now I'd like to turn to what we see as our basic goals. First, we are strong believers in private capitalism. We believe in the role of profits in a capitalistic system. Management and the board see the Mercantile's primary goal as return on shareholders' equity. In today's society, that return, or profit, is not merely a matter of pricing. To make a good return over a long period of time the corporation must be a good citizen in the broadest sense. The corporation must be responsible and responsive to its clients, non-clients, employees, shareholders and, even, its competition.

Our primary goal is to achieve a 20 per cent or better return on our shareholders' equity each year. This is a challenge. Banks can make a fairly good return on equity in North America, but it would be rare to see this type of return for a bank national in scope. A strong return is possible because banks can leverage assets to capital to a greater extent than most companies. Our leverage is low, compared to other Canadian banks, while our profits to capital ratio is high.

How do we continue to maintain high profit growth? We have deliberately directed our business efforts to a market where we could get the best return on expenses incurred. We basically concentrate on businesses as clients, rather than individuals. This enables us to have fewer employees per assets, as well as lower premises costs to assets, than other banks.

This high level of productivity allows us to adjust, somewhat better than other banks, to inflationary pressures on costs. We pay a price for concentrating on corporate business and limiting the number of our offices. We have not attracted a broad base of deposits from individuals, such as the major banks do. This type of deposit has, in the past, been somewhat cheaper than money market deposits, and has been considered a stable source of funds.

We fund almost completely at money market rates. Sixty per cent of our Canadian dollar funds come directly from corporate/institutional clients, with 40 per cent coming from the market.

This dependence on money market funds makes us sensitive to the opinion this market may have of us. We obviously must appear to manage our funding professionally. This image of professionalism is nurtured daily with our actions in the market. Additionally, we must appear to run a good bank. Quality of earnings, including loan loss experience, is important to us.

We try to ensure quality in earnings by broadening our assets by clients, industries and geography. We limit our exposure by project, client, and industry, while keeping track of our geographical exposure, particularly outside of Canada. By broadening our asset base we hope to improve the quality of our earnings.

By concentrating on corporate business, we are clearly limiting our ability to spread risks, both in lending and in funding. This concentration may restrict our asset growth in the future, and the market has signaled its desire that we not increase leverage significantly.

TO OUR SHAREHOLDERS

Earnings on capital are of primary interest to us, but growth in earnings is of equal concern. Growth in earnings enables us to increase dividends, as well as capital through retained earnings. This allows us to continue to increase our assets.

Our goals are five-fold. We would like to: increase earnings per share at 15 per cent per annum over a period of time, pay dividends at about 30 per cent of earnings, implying a 15 per cent increase in dividends over the same period of time, and lastly increase capital, through retained earnings, and assets, at a rate of 15 per cent per annum.

We believe this type of performance, over a period of time, would be remarkable. Such a performance should not only impress the money markets, but also the stock market. The goals not only sound challenging — they are challenging. Our past record speaks for itself. Our future record depends on many variables.

We attribute much of our past success to our organizational structure, and to the quality of individuals working at the Mercantile. We are a relatively small organization, spread out over a wide geographical market. We have located relatively independent decision centers close to the market, while maintaining a highly centralized information system for management control.

Our organization structure and our target market have enabled us to attract young MBA's directly from business schools as well as experienced financial officers from other banks and financial institutions. Our management is young, both in years and outlook.

We have a reputation in the market place of being aggressive and innovative. I think this represents us accurately. This style of management enables us to move rapidly into new markets with new products. We are not bound by the inertia or bureaucracy of a larger organization.

What do we see in the future? We believe the coming years will see major changes in our particular market. The increasing implementation of electronic communications is already changing relationships between businesses and banks and will continue to do so. Money market growth will continue to supplant traditional banking intermediation.

Within the next decade, we can clearly expect a more integrated electronic funds system that will change the relationship between individuals and banks, as well as between individuals and corporations.

We expect to be lean enough, and flexible enough, to take advantage of these changing relationships.

We may well have to change our market focus to meet our goals. We may well have to re-evaluate our goals if inflation continues to be relatively untamed. We have some limited experience in certain markets that we may well wish to expand in the coming decade.

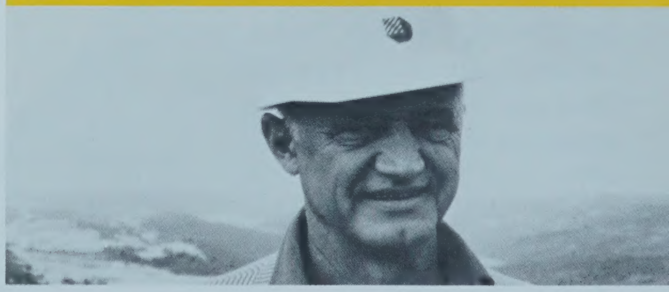
We have deliberately limited our international lending, as we believed the risk was too high for the present earning potentials. We have a limited consumer loan program in the Maritimes which we may wish to expand as our electronic capability expands.

We have incorporated a leasing company to add service capability for our clients, which may expand into a significant group of products as competition builds in this area.

Finally, our efforts in residential real estate mortgages can be meaningfully increased as we develop our term funding ability under the long awaited new Bank Act.

In short, we are proud of our accomplishments, and we believe we have a lean, flexible institution that can hope to effectively compete in the 1980's — we know it won't be easy, and there will be disappointments as well as successes — our basic optimism comes from being located in one of the most promising economies in the world.

Robert L. Davidson
President and Chief Executive Officer



Robert L. Davidson at La Grande 2, James Bay. The Mercantile Bank of Canada was the first Canadian corporation to hold a meeting of its board of directors on the site.

The Mercantile's loan portfolio spans virtually every industrial sector. Manufacturing forms the largest segment of the bank's loan business comprising 43% of the portfolio, with real estate and construction following at 24%. Loans to financial institutions make up 21%, while personal and other loans encompass the remaining 12%.

Manufacturing sector leads Mercantile's portfolio

The manufacturing sector employs 20% of Canada's work force. For the most part, manufacturers tend to have a smaller customer base with quality accounts, and consequently form an attractive client base.

Historically, various government regulations have encouraged lending to manufacturers. Two factors have developed strong competition among the chartered banks in their marketing approach to manufacturers: the ease with which security can be applied against accounts receivables and inventories and the introduction of Bankers' Acceptances.

Despite recent speculation that Canada will experience a slowdown in its economy in the near term, we have not seen any major reduction in capital expenditure programs by this sector.

Taking into account hign interest rates and our uncertain economy, machinery production and equipment sales over the past two years have been extremely strong. In fact, importers and suppliers of manufacturing equipment predict that 1980 will be a good year, and are optimistic about the prospects for 1981.

Real estate boom in Western Canada

Real estate markets across Canada last year reflected regional economic trends, with robust activity in British Columbia and Alberta and decreasing activity provincially, moving West to East.

This reflects the continuing resource boom of the West and the lull in Quebec as a result of political uncertainties. Residential construction starts continued their 5 year decline, as inflation aggravated mounting house prices and high interest rates deterred both builders and buyers.

In the commercial building market, Central and Western Canadian cities were the beneficiaries of major building programs, but only in Calgary is demand likely to match supply. In other commercial markets, shopping center construction activity continued strong with a noticeable slowdown in construction of large regional centers, as markets have matured and the major retailers have been slower in making commitments. Growth of smaller community sized centers, though, appeared to be on the upswing.

1980 will likely be a year of consolidation for North American real estate markets. Continued high interest rates and an uncertain environment will impact on new developments and absorption of existing loans will likely slow as real estate buyers hesitate in taking on new commitments.

We will continue to serve our clients during this unsettled period by financing well conceived projects and offering creative terms, based on initial analysis.

Mercantile active participant in oil and gas

The rapid escalation of petroleum prices during the 1970's has resulted in the development of previously uneconomic reserves and aggressive exploration for new reserves.

Mercantile, through its Calgary based Oil and Gas Department, has been an active participant in the substantial financing requirements provided by the rapid expansion of this industry.

We have been involved in financing pipelines, both nationally and internationally, exploration, the development of oil and petroleum properties, as well as corporate acquisitions in both Canada and the U.S. In addition, Mercantile has participated in petroleum-related corporate expansions, refinery expansions and construction.

During the 1980's considerable emphasis will be placed on Canada's drive towards energy self-sufficiency. To attain self-sufficiency and maintain the industry's current level of activity will require massive financing.

1980 should be just as strong as the past year, with drilling being encouraged through provincial and federal incentives. The extension of natural gas transmission networks

MERCANTILE GROWING

to Eastern Canada, the development of heavy oil reserves and the implementation of improved recovery techniques in conventional and heavy oil will maintain the past vigorous activity level in the petroleum industry.

Transportation sector continues strong growth

Canada's transportation industry performed well in 1979. During the year, Mercantile provided financing across Canada for fixed asset acquisitions in trucking, shipping and air transport.

Trucking makes up Mercantile's largest client base in this sector, with our revolving term loan facilities uniquely suited to meet equipment financing needs.

Air transport is the next largest sector, followed by shipping.

In each industry, Mercantile term loans, tailored to the life expectancies of the equipment in question, be it jets, bush planes, helicopters, freighters or ocean tugs, have assisted clients achieve their objectives, both for growth and diversification.

We do not expect 1980 to be as prosperous a year for the transportation industry. Nevertheless, Mercantile will actively seek to expand its presence, particularly in air transport, where many carriers are planning large capital programs to replace aging fleets.

Exchange rates favoured forest industry in 1979

Nearly all sectors of the forest industry performed extremely well in 1979. Mercantile remained well represented in the industry. Asset growth was particularly oriented to expansion of our clients' exporting capabilities and continuous modernization of existing plants to maintain international competitiveness.

Canada's forest industry is one of our largest and most consistent sources of export revenue, with exchange rates favouring the Canadian producer in 1979. Our clients make extensive use of our foreign exchange facilities to hedge against fluctuations.

In the short term, the Canadian forest industry can expect lower profits, particularly in the lumber, plywood and board sectors, which are so heavily dependent on the North American housing industry. Newsprint and chemical grade wood pulp will continue to be in high demand. Spurred by high cash flow, the newsprint and pulp sector will continue to make heavy commitments to capital expenditure programs. Mercantile will participate in meeting their long term financing requirements. The lumber and plywood sector can be expected to aggressively pursue non-traditional markets in Europe and Asia. To assist our clients, we will be providing export financing, collection on documentary letters of credit and negotiation of foreign exchange contracts.

Restaurants offer attractive banking opportunities

The consolidation of individual franchise outlets, the emergence of specialty chains and the growth of two income families in the last decade have created attractive banking opportunities in the food service industry. Traditionally this industry has specialized in "mom and pop" style operations, but computer assisted portion control and effective mass marketing have made multiple unit operations feasible in the 1970's.

We realized that asset based lending was inadequate to finance heavy start-up expenditures and took the opportunity to develop an innovative lending package based on high quality cash flow. By identifying major chains in the industry we have built a solid portfolio of loans involving high growth customers.

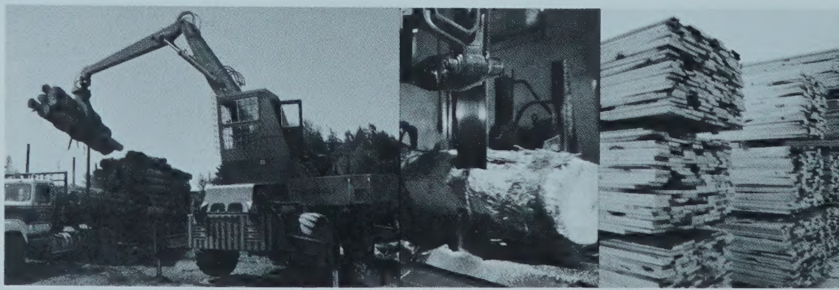
We recognize the risks of loaning to this sector and our exposure will always take into account the need to avoid concentration in any single concept or market.

Substantial capital required for mining industry

Mining is a key component in our resource based economy. Large sums of capital are required to develop new mine sites and ancillary site milling equipment. These sums frequently exceed the prudent capability of a single private institution, creating a need for consortium lending.

Mercantile has participated in providing long term funds for new mine development, both in Canada and abroad. Our participation will continue to expand with the depletion of existing mine sites.

While these industries make up the majority of our portfolio, we know with equal certainty that there will be new and different industries and markets to pursue in the future.

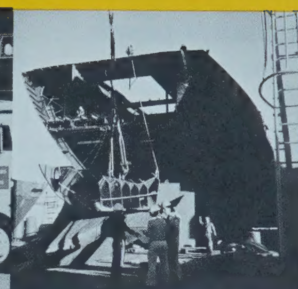


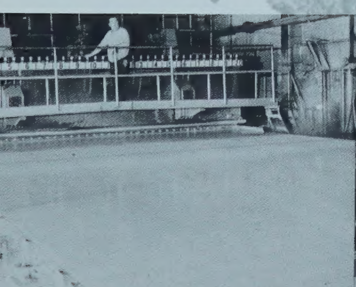
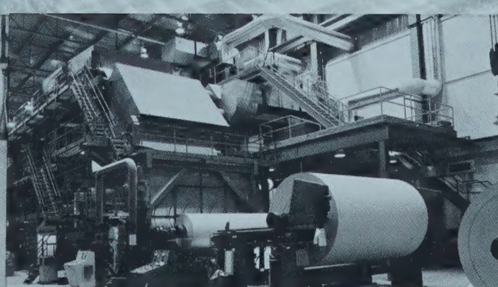
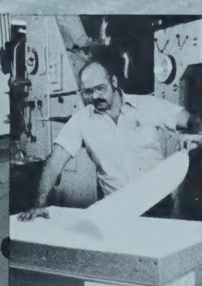
WITH THE CANADIAN MARKET









Mercantile Bank's performance in 1979 was gratifying to the management of the bank and, we hope, to you, the shareholders.

Earnings per share

In the year, our earnings per share were $2.92, an increase of 29.7% from the $2.25 last year, which was itself up 27.8% from 1977. This 1979 growth looks particularly good when compared to the banking industry's growth in earnings per share which was less than half that of Mercantile.

Looking back five years, Mercantile has had a compounded growth in E.P.S. of 26.8%. The only year the bank's E.P.S. growth faltered was 1977, a year in which loan demand was soft and spreads were depressed.

The balance of profits per share for 1979 was $2.02, up from $1.70 in 1978. Balance of profits is balance of revenue, the real earnings of the bank, after an appropriation for losses, a discretionary transfer to the bank's loan loss reserves. Average shares outstanding have been flat at eight million shares since 1976. In 1975, the year in which our share issue program was completed, the average shares outstanding were 7,282,000.

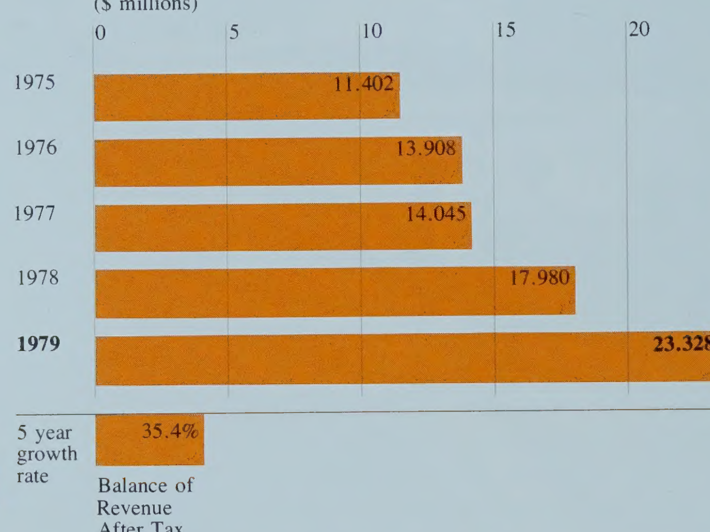
Balance of revenue after tax

In dollar terms, the earnings of the bank in 1979 were $23.3 million. The five year compound growth rate in earnings was 35.4%; this is greater than the growth rate in earnings per share due to there being fewer average shares outstanding in 1975. The effective tax rate was 17.2% for the year, down from 17.8% last year and flat with 1977. The low tax rate reflects the purchase of preferred shares and income debentures by the bank, the income from which is received tax free. Little future growth is expected in these tax effective securities, due to a change in tax legislation.

Per Share Statistics
($ per share)

	Average Shares Outstanding (000)
1975	7,282
1976	8,000
1977	8,000
1978	8,000
1979	**8,000**

Balance of Revenue After Tax
($ millions)



	Effective Tax Rate (per cent)
1975	38.6
1976	32.4
1977	17.2
1978	17.8
1979	**17.2**

THE MERCANTILE'S YEAR IN REVIEW

Asset growth

This earnings growth is substantial. But how was it accomplished? One factor is our substantial asset growth. Total assets of the bank at year end were $3.1 billion, up from $2.3 billion last year, an increase of 33.3%. This is the first time the bank has hit the $3 billion mark and it was only two years ago that we celebrated the $2 billion level.

Since 1975 the assets of the bank have increased, on average, 34.8% per year. A great deal of our growth in assets resulted from increased foreign currency business. Much of this was U.S. dollar loans, basically to Canadian borrowers for use both in Canada and the U.S. Part of it was for Eurodollar loans and part of it was for U.S. dollar liquidity.

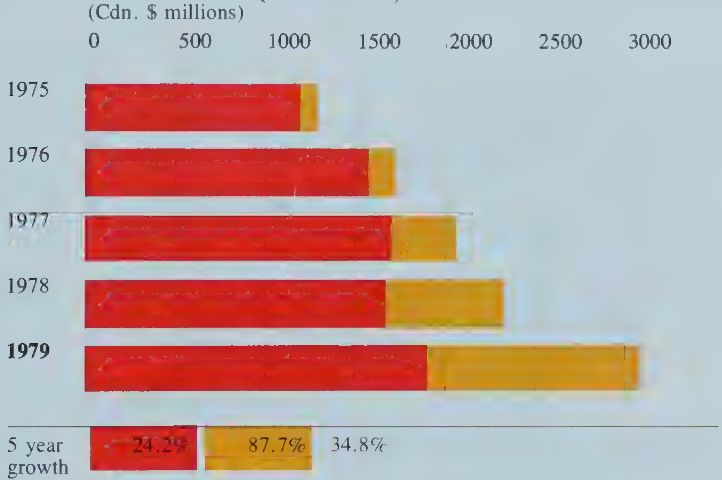
Interest spreads

A second factor impacting on our earnings performance is interest spreads. The actual spreads for the year were 1.63%, compared to 1.80% last year. However, the significant spread figure is the adjusted spread, which is the actual spread adjusted for the effect of the dividend income from income debentures and preferred shares.

The adjusted spreads for three out of the last five years were in the narrow range of 2.36% to 2.45%. In 1977 interest spreads were narrow as the Canadian bank and prime rates dropped very rapidly. In 1975 spreads were wide as short term money market rates declined reflecting a decrease in demand for credit. At the same time, administered rates remained high in order to encourage corporate borrowers to borrow offshore. In 1979 both Canadian and U.S. prime rates moved up very sharply and averaged 12.33% and 12.13% for the year, up 3.18% for the Canadian prime and 3.57% for the U.S. prime.

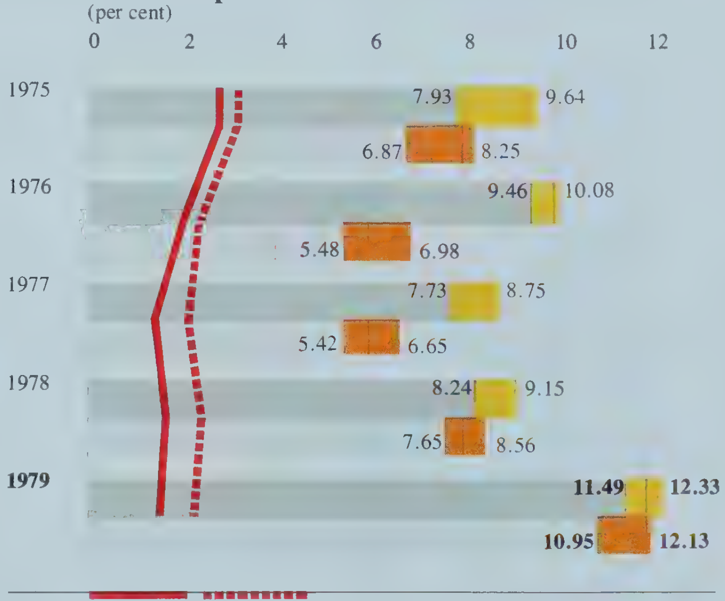
Cost of funds also moved up rapidly and in some instances exceeded prime rates. However, because of the lag effect in average costs reflecting the change in rates, our spreads in 1979 remained acceptable.

Total Assets (Year End)
(Cdn. $ millions)



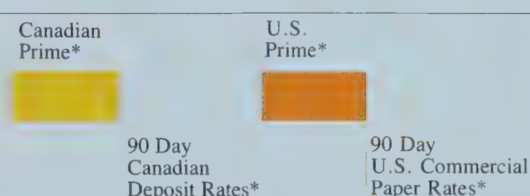
	Canadian Dollar	Foreign Currency	Total
1975	1,190.9	97.3	1,288.2
1976	1,576.9	131.2	1,708.1
1977	1,701.2	362.0	2,063.2
1978	1,690.3	641.3	2,331.6
1979	**1,910.0**	**1,199.0**	**3,109.0**

Interest Spread
(per cent)



	Actual	Adjusted
1975	2.72	3.28
1976	2.01	2.42
1977	1.49	2.07
1978	1.80	2.45
1979	**1.63**	**2.36**

*Rates are annual averages of Bank of Canada monthly data



Other operating revenue

The remaining factors affecting our profit performance were non-interest related income and, of course, expenses. Other operating revenue, that is, non-interest revenue, was $14.2 million for the year, up from $8.7 million in 1978. On average over the past five years the bank's growth in non-interest revenue has been 19.6% per year, with the growth rate in foreign exchange earnings slightly exceeding that in fees and commissions.

The year 1979 was a very strong one for foreign exchange earnings: at $4 million, they were up $1.9 million from 1978 and up $500 thousand from 1977.

Mercantile Bank is an active participant in the foreign exchange market, with a solid team of professionals. During the year we have taken advantage of favourable foreign exchange market conditions as indicated by wide movements in foreign exchange rates. While foreign exchange trading is not riskless, prudent controls are in place to monitor our foreign exchange activities.

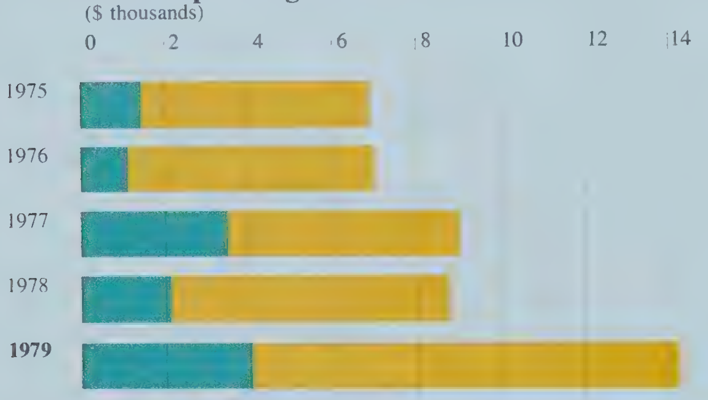
Other operating expenses

In 1979, other operating expenses were $31.6 million, an increase of 26.4%. Excluding the five year average loan loss amount, the expenses in 1979 were $25.6 million and since 1975 they have grown by an average of 22.9% per year. This growth rate in operating expenses before the five year average loan loss addition compares to an average growth rate in total assets of 34.8%.

During the year the bank opened at three locations, bringing the total number of branches and representative offices to 19. We opened representative offices in Mississauga and Windsor in Ontario and in Saskatoon in Saskatchewan. The total staff at year end was 737, an increase of 96 persons, or 15%. This growth in staff is reflected in the increase in staff expenses which, at $12.9 million, are up 28.1% for the year. The remaining increase in staff expenses is due to merit and promotion increases for staff who were with the bank prior to the start of 1979.

Other Operating Revenue

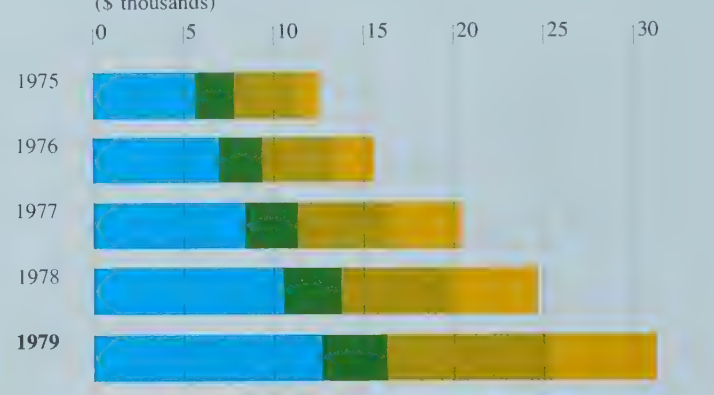
($ thousands)



	Foreign Exchange	Fees and Commissions	Total
5 year growth rate	23.4%	18.3%	19.6%
1975	1,536	5,425	6,961
1976	1,306	5,843	7,149
1977	3,536	5,620	9,156
1978	2,076	6,633	8,709
1979	**4,023**	**10,189**	**14,212**

Other Operating Expenses

($ thousands)



	Staff	Premises	Other	Sub-Total	5 Year Average Loan Loss	Total
5 year growth rate	23.7%	16.1%	24.8%	22.9%	66.0%	26.9%
1975	5,782	2.029	3,591	11,402	932	12,334
1976	7,301	2,263	3,895	13,459	2,279	15,738
1977	8,501	2,725	5,464	16,690	3,851	20,541
1978	10,074	3.098	6,827	19,999	4,977	24,976
1979	**12,908**	**3,467**	**9,178**	**25,553**	**6,021**	**31,574**

	Branches and Representative Offices	Employees (year end)
1975	13	485
1976	13	498
1977	15	571
1978	16	641
1979	**19**	**737**

Loan losses

Turning for the moment to the loan loss situation for the bank: the five year average loan loss in 1979 was $6.0 million, up from $5 million last year. However, the actual loan losses in 1979 were $3.2 million in the year, down from $6.4 million last year. The 1979 actual loan loss was the second lowest in the last five years. Because of the averaging mechanism, the profit and loss statement was charged with $6 million.

The difference of $2.8 million between the actual loss experience and the five year average loss experience becomes an increase to the accumulated appropriations for losses.

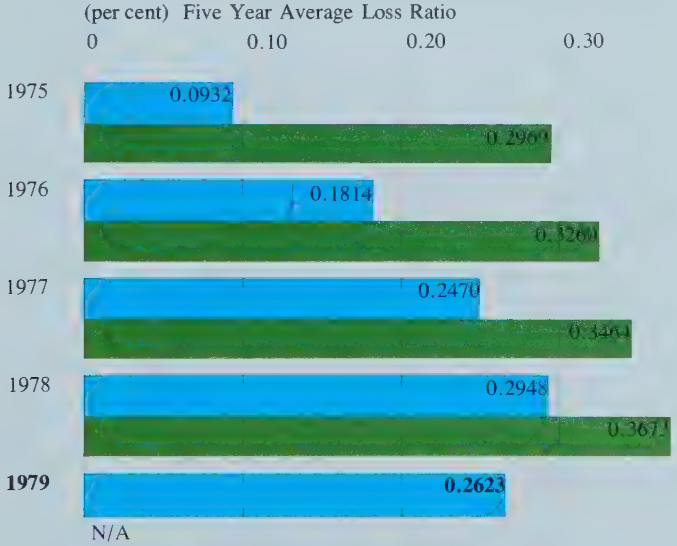
The loan loss ratio in 1979 for the bank was 0.2623%, down from 0.2948% last year. The loan loss ratio is the average of the actual loan losses for the most recent five year period expressed as a per cent of related loans. We believe that this ratio is the most realistic measure of a bank's loss performance.

The bank is quite satisfied with its loan quality and believes the $3.2 million actual loss experience at October 31, 1979, truly reflects the expected loss of the bank at that point in time.

Total assets by type

Corporate loans and mortgages comprise 65.1% of the assets of the bank. However, the total financing to clients is really represented by corporate loans and mortgages together with Eurodollar loans and tax effective assets. These total 76.7% of the bank's assets. Tax effective assets are income debentures and preferred shares. Reserves and other liquidity comprise 20.3% of the bank's total assets.

Loan Losses
(per cent) Five Year Average Loss Ratio

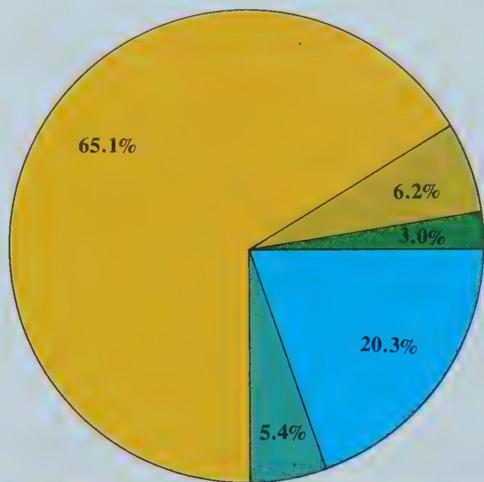


The Mercantile | Bank Industry

Loan Loss Experience
($ thousands)

	Five Year Average	Actual	Increase/(Decrease) to Accumulated Appropriations
1975	932	1,149	(217)
1976	2,279	4,227	(1,948)
1977	3,851	5,441	(1,590)
1978	4,977	6,404	(1,427)
1979	**6,021**	**3,237**	**2,784**

Total Assets by Type as at Year End
(Cdn. $ millions)



	Reserves and Other Liquidity	Tax Effective Assets	Corporate Loans and Mortgages	Eurodollar Loans	Other Assets	Total
5 year growth rate	46.9%	17.5%	33.3%	89.9%	17.2%	34.8%
1975	175.6	78.0	963.1	20.0	51.5	1,288.2
1976	292.3	133.6	1,173.3	42.7	66.2	1,708.1
1977	363.8	223.8	1,327.7	89.5	58.4	2,063.2
1978	393.8	195.0	1,508.4	154.8	79.6	2,331.6
1979	**631.7**	**166.6**	**2,024.9**	**192.4**	**93.4**	**3,109.0**

Canadian loans by sector

The bulk of the Canadian dollar loans, 43.0%, is made to industrial and merchandising organizations, followed by real estate and construction loans which comprise 24.3% of the total. Canadian dollar real estate and construction loans are primarily project oriented to public and private developers. They are for land development and commercial and residential construction.

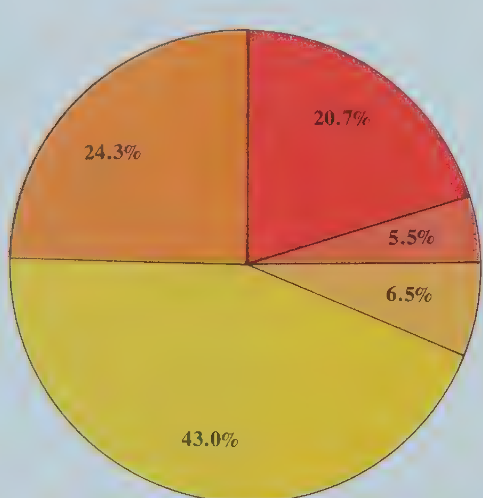
Most of the largest Canadian public realty companies are on our client list. Our real estate loans are roughly evenly distributed across Canada, with greater growth being experienced in the West, reflecting national trends. Our record of lending to this industry has been exemplary due to our continued emphasis on borrower and project quality.

Canadian loans by size

Mercantile Bank is corporate oriented and tends towards large loans; 55.4% of our Canadian dollar loans are greater than $5 million. However, our market is in the $1 million plus area. Loans of $1 million or greater comprise 78.4% of our Canadian dollar loans.

In measuring our achievements, we naturally look at overall indicators of performance, such as earnings per share growth and loan growth, which can be seen directly on the published financial statements. However, there are other indicators which we use and on which our overall profitability performance is dependent.

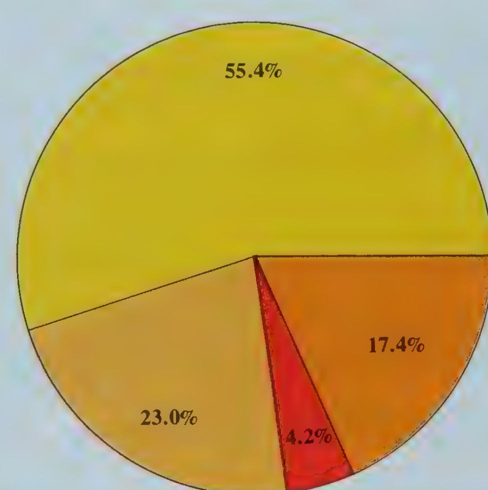
Canadian Loans by Sector*
(Cdn. $ millions)



	Personal Loans and Mortgages	Industrial and Merchandising	Real Estate and Construction	Financial Institutions	Other Loans	Total
1975	85.0	400.5	212.2	70.8	99.7	868.2
1976	99.8	517.9	279.2	129.1	99.7	1,125.7
1977	114.8	541.2	274.9	245.6	76.8	1,253.3
1978	110.0	512.9	313.3	269.5	83.4	1,289.1
1979	**104.0**	**687.4**	**388.0**	**330.5**	**88.6**	**1,598.5**

*(As at September 30)

Canadian Loans by Size*
(Cdn. $ millions)



	Less than $200,000	$200,000 to $1,000,000	$1,000,000 to $5,000,000	Greater than $5,000,000	Total
1975	65.2	52.8	342.0	408.2	868.2
1976	125.7	43.3	305.1	651.6	1,125.7
1977	208.7	51.9	302.5	690.2	1,253.3
1978	214.5	54.9	300.6	719.1	1,289.1
1979	**278.8**	**67.3**	**367.0**	**885.4**	**1,598.5**

*(As at September 30)

Assets per employee

One of these is a measure of productivity: assets per employee. At year end each employee at Mercantile Bank supported $4.2 million in assets, up from $3.6 million or up 16% from last year. This increase is partly a function of inflation; however, the relationship has significance and we watch it carefully.

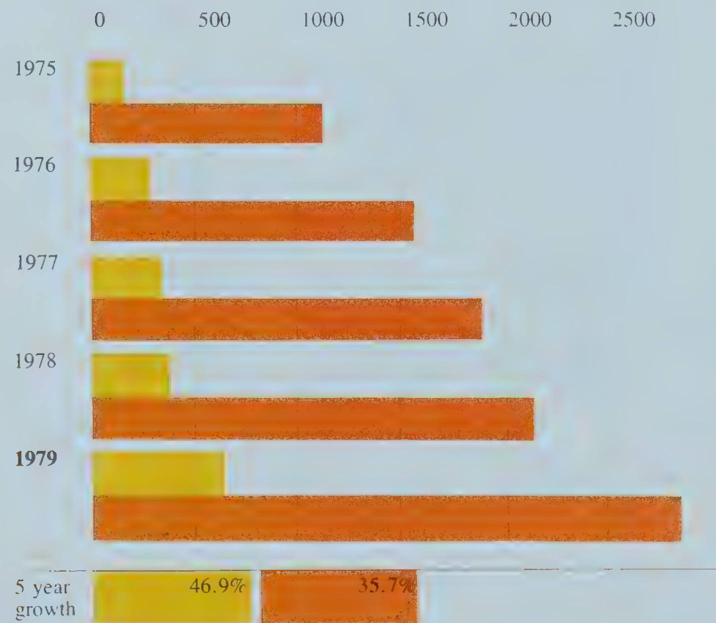
The comparison of Mercantile's assets per employee of $4.2 million to the same ratio for the banking industry of $1.4 million is not necessarily valid because of the different mix of business at Mercantile Bank compared to the industry. Mercantile is a corporate bank and consequently is not as labour intensive as others in the banking industry which have a high proportion of consumer business.

Deposits

Another ratio which is watched closely is liquidity in relationship to deposits. At October 31, 1979, the total deposits of the bank were $2.9 billion and liquidity was $631.7 million. Liquidity, as a proportion of deposits, was 22.1%. This is a measure of the protection the bank has against a credit squeeze. Liquidity here is defined as cash, short term deposits with banks, market securities and day or call loans to investment dealers.

Assets per Employee
($ millions) (Employees at Year End)

Deposits
(Cdn. $ millions)



	Reserves and Other Liquidity	Total Deposits	Ratio of Reserves and Other Liquidity to Total Deposits
1975	175.6	1,138.8	15.4%
1976	292.3	1,568.2	18.6%
1977	363.8	1,894.6	19.2%
1978	393.8	2,139.4	18.4%
1979	**631.7**	**2,854.8**	**22.1%**

Total capital funds

Another area monitored is that of capital and the relation of assets to capital. Total capital funds of the bank at October 31, 1979, were \$143.5 million, more than double the figure of five years ago. Issuing new shares or debentures and retaining earnings are the primary methods by which capital funds can be increased. In addition, the reserve for losses, that is accumulated appropriations for losses, can be increased, basically through appropriating earnings of the bank to the reserve account instead of letting them flow to the equity accounts.

Leverage (assets/capital)

The relation of assets to capital, or the leverage of the bank, was 21.7 times at year end. That is to say that every dollar in capital funds supports \$21.70 in assets. In 1979 the leverage of the bank compared favourably to that of the banking industry, which was 24.1 times. The leverage at the end of fiscal 1976 was higher than the current leverage because at that time the bank had not issued any debentures, a situation which was rectified in January 1977.

The bank's attitude on leverage is that our benchmark will be the industry's average; however, at this time the bank has decided to keep our leverage lower than that of the industry.

Return on average assets

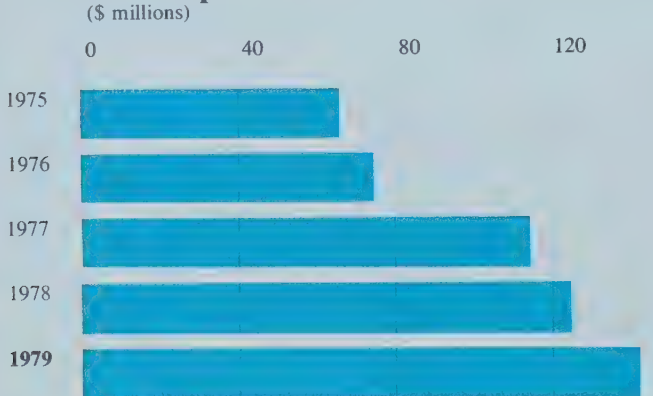
One of the acid tests of a bank is how well it does with the resources it has. A measure of this is the return on assets, that is after-tax earnings as a per cent of average assets.

Mercantile returned 0.86% on assets, or \$8.60 for every \$1,000 in assets, up from \$8.40 last year. The banking industry returned \$5.50 for every \$1,000 in assets and this is down from \$6.10 in 1978.

Mercantile Bank has been below \$8.40 for each \$1,000 in assets only once in the last five years. In 1977 the Bank returned \$7.50, due to very narrow spreads that year.

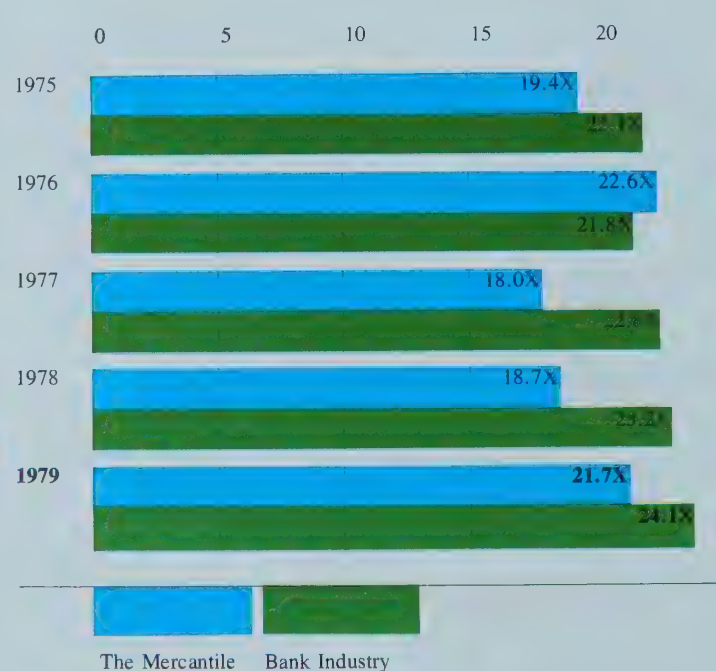
Total Capital Funds

($ millions)



	Debentures	Capital Stock	Rest Account	Undivided Profits	Sub-Total	Accumulated Appropriations For Losses	Total Capital Funds
1975	0	40.0	14.4	3.9	58.3	8.0	66.3
1976	0	40.0	21.0	1.4	62.4	13.3	75.7
1977	30.0	40.0	27.0	1.0	98.0	16.6	114.6
1978	30.0	40.0	35.0	0.6	105.6	19.4	125.0
1979	**30.0**	**40.0**	**45.0**	**0.1**	**115.1**	**28.4**	**143.5**

Leverage (assets/capital)



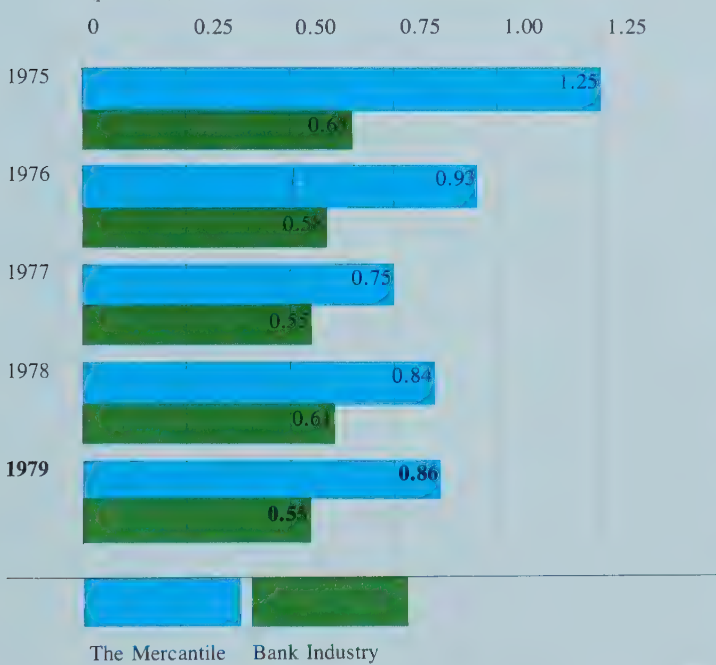
Return on equity

Return on assets converts to return on shareholders' equity. Mercantile returned 22.4% on equity in 1979, up from 20% last year. This compares favourably to the 16.7% return on equity for the banking industry. Equity here includes accumulated appropriations for losses, most of which can be transferred down to the equity accounts of the bank and thus, in our opinion, should be considered a form of equity in the bank.

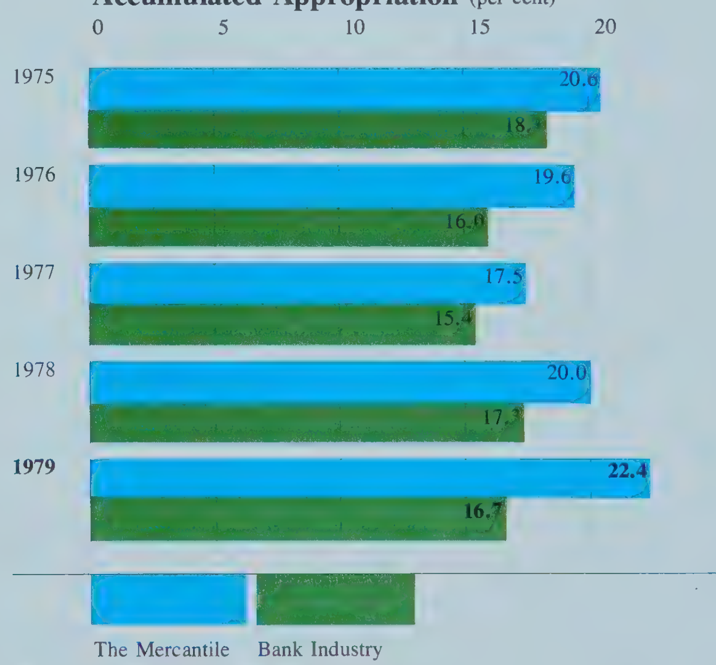
We at Mercantile Bank are proud of our performance. Not only have we set new heights for ourselves but we have performed favourably in relation to our competitors. Part of our success was due to the nature of our business and the continuing success we have had with the corporate borrower.

We like to think that our clients are attracted to Mercantile Bank because of the quality of our organization. Quality service can only be provided by quality people. We would like to thank the clients of the bank for their continued confidence and would especially like to thank the employees of the bank. Without their enthusiasm and hard work our bank wouldn't be as interesting or as successful.

Return on Average Assets
(per cent)



Return on Equity Including Accumulated Appropriation (per cent)



Financial Statements

Statement of Revenue, Expenses and Undivided Profits
For the Financial Year Ended October 31, 1979
(with comparative figures for 1978)

		1979	1978
Revenue	Income from loans	**$274,959,223**	$162,555,483
	Income from securities	**31,154,308**	25,767,186
	Other operating revenue	**14,211,906**	8,708,696
	Total revenue	**320,325,437**	197,031,365
Expenses	Interest on deposits	**260,594,073**	150,185,693
	Salaries, pension contributions and other benefits	**12,907,560**	10,073,819
	Property expenses including depreciation	**3,467,057**	3,097,690
	Other operating expenses, including provision for losses on loans based on five-year average loss experience	**15,198,527**	11,804,139
	Total expenses	**292,167,217**	175,161,341
	Balance of revenue	**28,158,220**	21,870,024
	Provision for income taxes relating thereto (note 2)	**4,830,000**	3,890,000
	Balance of revenue after provision for income taxes	**23,328,220**	17,980,024
	Appropriation for losses, net of income taxes	**7,200,000**	4,400,000
	Balance of profits for the year	**16,128,220**	13,580,024
	Dividends	**6,560,000**	6,000,000
		9,568,220	7,580,024
	Undivided profits at beginning of year	**572,083**	992,059
		10,140,303	8,572,083
	Transferred to Rest Account	**10,000,000**	8,000,000
	Undivided profits at end of year	**$ 140,303**	$ 572,083
	Balance of revenue per share after provision for income taxes based on average shares outstanding	**$2.92**	$2.25
	Balance of profits per share based on average shares outstanding	**$2.02**	$1.70

See notes to financial statements.

Statement of Assets and Liabilities
as at October 31, 1979
(with comparative figures for 1978)

Assets

	1979	1978
Cash and due from banks	**$ 428,414,124**	$ 156,324,599
Cheques and other items in transit, net	**163,791**	33,716,627
Total cash resources	**428,577,915**	190,041,226
Securities issued or guaranteed by Canada, at amortized value	**104,398,595**	110,569,467
Securities issued or guaranteed by provinces, at amortized value	**99,514**	—
Other securities, not exceeding market value	**200,951,516**	235,741,711
Total securities	**305,449,625**	346,311,178
Day, call and short loans to investment dealers and brokers, secured	**104,181,007**	66,350,000
Other loans, including mortgages, less provision for losses	**2,181,597,153**	1,649,256,964
Total loans	**2,285,778,160**	1,715,606,964
Bank premises, at cost, less amounts written off	**5,098,838**	4,585,267
Customers' liability under acceptances, guarantees and letters of credit as per contra	**81,022,725**	63,027,674
Other assets	**3,054,553**	12,030,226
	$3,108,981,816	$2,331,602,535

See notes to financial statements.

Robert L. Davidson
President & Chief Executive Officer

		1979	1978
Liabilities	Deposits by Canada	**$ 2,314,423**	$ 4,561,712
	Deposits by provinces	**23,780,273**	26,377,960
	Deposits by banks	**749,990,424**	521,634,600
	Personal savings deposits, payable after notice in Canada in Canadian currency	**8,340,676**	6,800,066
	Other deposits	**2,070,348,562**	1,580,006,836
	Total deposits	**2,854,774,358**	2,139,381,174
	Acceptances, guarantees and letters of credit	**81,022,725**	63,027,674
	Other liabilities	**29,661,499**	4,183,282
	Accumulated appropriations for losses	**28,382,931**	19,438,322
Capital Funds	Debentures issued and outstanding (note 1)	**30,000,000**	30,000,000
	Capital Stock: Authorized — 8,000,000 shares, par value $5 each; issued and fully paid — 8,000,000 shares	**40,000,000**	40,000,000
	Rest account	**45,000,000**	35,000,000
	Undivided profits	**140,303**	572,083
	Total capital funds	**115,140,303**	105,572,083
		$3,108,981,816	$2,331,602,535

T. Sean Ahern
for Chief General Manager

Statement of Accumulated Appropriations for Losses

For the Financial Year Ended October 31, 1979
(with comparative figures for 1978)

	1979	1978
Accumulated appropriations at beginning of year:		
Tax-paid	**$ 3,717,789**	$ 7,940
General	**15,720,533**	16,589,046
Total	**19,438,322**	16,596,986
Add (deduct):		
Appropriation from current year's operations, net of income taxes	**7,200,000**	4,400,000
Loss experience on loans less provision included in other operating expenses (note 3)	**2,784,418**	(1,427,678)
Profits (losses) on securities, including provisions to reduce securities other than those of Canada and its provinces to values not exceeding market	**(1,039,809)**	(929,986)
Income tax credit related to appropriation from current year's operations less a provision for income taxes of $31,000 in 1978 on profits on securities	**—**	799,000
Accumulated appropriations at end of year	**$ 28,382,931**	$ 19,438,322
Tax-paid	**$ 12,187,118**	$ 3,717,789
General	**16,195,813**	15,720,533
	$ 28,382,931	$ 19,438,322

Statement of Rest Account

For the Financial Year Ended October 31, 1979
(with comparative figures for 1978)

	1979	1978
Balance at beginning of year	**$ 35,000,000**	$ 27,000,000
Transferred from undivided profits	**10,000,000**	8,000,000
Balance at end of year	**$ 45,000,000**	$ 35,000,000

See notes to financial statements.

Notes to Financial Statements
October 31, 1979

		1979	1978
1. Debentures	9% debentures maturing January 3, 1997. The debentures are redeemable at the holder's option on January 3, 1987 provided the option is exercised between January 15 and July 15, 1986. Pursuant to the applicable provisions of the Bank Act and the Trust Indenture, the debentures are subordinate in right of payment to the deposit liabilities and certain other liabilities of the Bank.	**$30,000,000**	$30,000,000
2. Income Taxes	The aggregate provision for income taxes is made up as follows:		
	Statement of Revenue, Expenses and Undivided Profits	**$ 4,830,000**	$ 3,890,000
	Statement of Accumulated Appropriations for Losses	**—**	(799,000)
		$ 4,830,000	$ 3,091,000
3. Loan Loss Experience	The loss experience on loans less provision included in other operating expenses consists of:		
	Loss experience for the year on loans	**$ 3,236,535**	$ 6,404,492
	Less provisions for losses on loans based on five-year average loss experience included in other operating expenses in the Statement of Revenue, Expenses and Undivided Profits	**6,020,953**	4,976,814
	Net change in accumulated appropriations for losses	**$ (2,784,418)**	$ 1,427,678

Auditors' Report to the Shareholders

We have examined the Statement of Assets and Liabilities of The Mercantile Bank of Canada as at October 31, 1979 and the Statements of Revenue, Expenses and Undivided Profits, Accumulated Appropriations for Losses and Rest Account for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1979 and its Revenue, Expenses, Undivided Profits, Accumulated Appropriations for Losses and Rest Account for the year then ended on a basis consistent with that of the preceding year.

Montreal, Quebec
December 4, 1979

J. R. Brown, C.A.
of Peat, Marwick, Mitchell & Cie

C. A. Poissant, C.A.
of Thorne Riddell & Cie

Ten-Year Statistical Review

	1979	1978	1977
	$	$	$
Statement of Revenue, Expenses and Undivided Profits as at October 31			
Revenue:			
Income from loans	**274,959,223**	162,555,483	135,050,05
Income from securities	**31,154,308**	25,767,186	23,462,92
Other operating revenue	**14,211,906**	8,708,696	9,155,57
Total revenue	**320,325,437**	197,031,365	167,668,55
Expenses:			
Interest on deposits	**260,594,073**	150,185,693	130,174,40
Salaries, pension contributions and other benefits			
Property expenses including depreciation	**12,907,560**	10,073,819	8,501,06
Other operating expenses, including provision	**3,467,057**	3,097,690	2,724,56
for losses on loans based on five-year average loss experience	**15,198,527**	11,804,139	9,314,60
Total expenses	**292,167,217**	175,161,341	150,714,64
Balance of revenue	**28,158,220**	21,870,024	16,953,90
Provision for income taxes relating thereto	**4,830,000**	3,890,000	2,909,00
Balance of revenue after provision for income taxes	**23,328,220**	17,980,024	14,044,90
Appropriation for losses, net of income taxes related thereto	**7,200,000**	4,400,000	2,420,00
Balance of profits for the year	**16,128,220**	13,580,024	11,624,90
Dividends	**6,560,000**	6,000,000	6,000,00
Balance of revenue per share after provision for income taxes based on average shares outstanding *(note)*	**$2.92**	$2.25	$1.7
Balance of profits per share based on average shares outstanding *(note)*	**$2.02**	$1.70	$1.4
Condensed Statement of Assets and Liabilities as at October 31			
Assets:			
Cash resources	**428,577,915**	190,041,226	114,016,41
Government and other securities	**305,449,625**	346,311,178	336,745,06
Loans, including mortgages	**2,285,778,160**	1,715,606,964	1,554,384,32
Bank premises	**5,098,838**	4,585,267	4,245,63
Customers' liability under acceptances, guarantees and letters of credit as per contra	**81,022,725**	63,027,674	48,903,79
Other assets	**3,054,553**	12,030,226	4,884,35
Total assets	**3,108,981,816**	2,331,602,535	2,063,179,58
Liabilities and Capital:			
Deposits	**2,854,774,358**	2,139,381,174	1,894,613,45
Acceptances, guarantees and letters of credit	**81,022,725**	63,027,674	48,903,79
Other liabilities	**29,661,499**	4,183,282	5,073,29
Accumulated appropriations for losses	**28,382,931**	19,438,322	16,596,98
Total capital funds	**115,140,303**	105,572,083	97,992,05
Total liabilities and capital	**3,108,981,816**	2,331,602,535	2,063,179,58

Note:
Per share figures have been adjusted to reflect a two for one share split in 1972 and six issues of new shares during the period from March 30, 1972 to April 14, 1975.

1976	1975	1974	1973	1972	1971	1970
$	$	$	$	$	$	$
126,669,498	78,912,454	60,570,599	36,138,972	21,654,146	16,082,159	16,905,196
16,023,032	8,280,917	7,875,458	2,620,348	1,157,102	1,424,983	1,326,407
7,148,675	6,961,293	5,805,109	3,099,738	2,029,571	1,653,905	835,275
149,841,205	94,154,664	74,251,166	41,859,058	24,840,819	19,161,047	19,066,878
113,520,904	63,250,174	57,641,229	28,033,069	13,802,058	9,987,363	12,118,091
		4,448,788	3,432,453	3,024,282	2,859,442	2,920,762
7,301,254	5,782,380	1,642,455	1,256,339	1,193,799	946,564	931,637
2,262,596	2,029,201					
6,174,348	4,522,565	3,515,570	2,596,714	2,117,287	1,547,257	1,592,345
129,259,102	75,584,320	67,248,042	35,318,575	20,137,426	15,340,626	17,562,835
20,582,103	18,570,344	7,003,124	6,540,483	4,703,393	3,820,421	1,504,043
6,674,000	7,168,000	1,873,000	2,756,000	2,095,000	1,935,000	495,000
13,908,103	11,402,344	5,130,124	3,784,483	2,608,393	1,885,421	1,009,043
3,700,000	2,500,000	300,000	200,000	150,000	100,000	415,290
10,208,103	8,902,344	4,830,124	3,584,493	2,458,393	1,785,421	593,753
6,001,911	5,859,024	4,493,332	3,398,869	2,275,000	1,750,000	—
$1.74	$1.57	$0.89	$0.89	$1.01	$0.94	$0.50
$1.28	$1.22	$0.83	$0.84	$0.95	$0.89	$0.30
93,819,781	72,384,304	34,728,924	23,991,182	16,018,236	18,218,169	10,236,599
309,233,551	172,235,851	123,638,717	82,571,877	24,934,049	16,974,714	12,569,247
,243,839,064	992,029,562	498,400,105	450,920,000	332,952,363	242,220,746	162,880,562
3,256,169	2,676,771	2,426,178	1,772,181	1,767,449	1,152,741	1,309,754
55,537,317	44,332,403	33,158,751	25,515,104	13,254,107	9,296,374	5,141,385
2,407,337	4,503,676	6,545,316	2,473,760	1,077,874	611,437	438,903
,708,093,219	1,288,162,567	698,897,991	587,244,104	390,004,078	288,474,181	192,576,450
,568,154,940	1,138,843,282	620,459,651	522,155,648	350,994,785	260,032,638	169,001,111
55,537,317	44,332,403	33,158,751	25,515,104	13,254,107	9,296,374	5,141,385
8,706,711	38,707,482	940,293	2,929,725	3,478,898	4,298,588	1,650,275
13,327,099	7,993,440	3,088,656	2,637,779	2,280,354	1,708,040	1,180,559
62,367,152	58,285,960	41,250,640	34,005,848	19,995,934	13,138,541	15,603,120
,708,093,219	1,288,162,567	698,897,991	587,244,104	390,004,078	288,474,181	192,576,450

Twenty-Sixth Annual Meeting of the Shareholders

Minutes of the Twenty-Sixth Annual Meeting of the Shareholders of The Mercantile Bank of Canada held at Le Château Champlain, Montreal, on Wednesday, the 9th day of January, 1980, at 10:00 o'clock of the forenoon.

The Chairman of the Bank, Mr. G. A. Costanzo, presided and the Secretary, Miss V. M. Henderson, acted as Secretary of the Meeting. In opening the Meeting, the Chairman introduced the officers present with him on the platform and also the Directors present at the Meeting.

The notice of the Meeting having been sent to all Shareholders entitled to receive it and a quorum being reported present, the Chairman declared the Meeting to be duly convened and constituted.

With the consent of the Meeting, the Chairman appointed Mrs. R. E. Heard and Mrs. A. Meyer, both of The Royal Trust Company, to act as Scrutineers.

Upon motion of Mr. E. D. H. Wilkinson, seconded by Mr. J. T. Johnson and carried, the Minutes of the last Annual Meeting held on December 13, 1978, were taken as read and confirmed.

The Chairman then asked the Secretary to read the Directors' Report to the Shareholders, omitting the Annual Statement and the Auditors' Report as these had already been sent to all Shareholders and copies were in the hands of those present.

Directors' Report

Your Directors take pleasure in submitting to you the Annual Statement of the Bank for the year ended October 31, 1979, together with the Auditors' Report.

During the year representative offices were established in Windsor and Mississauga, Ontario and Saskatoon, Saskatchewan, which have expanded the Bank's service outlets to a total of fourteen branches and five representative offices. In accordance with the Bank's plans for diversification, Mercantile Leasing Limited — Crédit-Bail Mercantile Limitée was incorporated as a wholly-owned subsidiary; this company will become active early in 1980.

The Directors wish to record their appreciation for services rendered by Mr. Louis R. Desmarais who resigned from the Board in April and by Mr. William T. Livingstone who resigned in October as a Director and from his position as Vice-President and Secretary of the Bank. They were replaced on the Board by Mr. William E. Bergen of Saskatoon, Saskatchewan and Mr. Michel Perron of La Sarre, Quebec.

The contribution to the success of the Bank during the past fiscal year by all members of the staff is gratefully acknowledged.

G. A. Costanzo
Chairman

Montreal, January 9, 1980

The Chairman said that before moving the adoption of the Directors' Report he would ask the President, Mr. Robert L. Davidson, to address the Meeting and would then ask Mr. T. Sean Ahern, Senior Vice-President, Administration, to deliver the report on the Bank's operations.

(Mr. Davidson's remarks to shareholders and Mr. Ahern's report on the Bank's operations are reproduced on pages 2 and 8 respectively.)

It was then moved by the Chairman and seconded by Mr. W. E. Bergen —

That the Directors' Report to the Shareholders, including the Annual Statement and the Auditors' Report thereon, in respect of the Bank's fiscal year ended October 31, 1979, be and the same is hereby approved and adopted.

The Chairman proposed that the ballot on this motion be taken later in the Meeting.

Directors

The Chairman said that it was proposed that the present Directors, all of whom were eligible, be re-elected and he asked the Secretary to read their names.

The Secretary then read the names of the persons proposed for election as Directors, namely: A. Bachand, H. A. Benham, W. E. Bergen, G. A. Costanzo, R. L. Davidson, C. W. Desch, M. Franklin, J. T. Johnson, R. F. B. Logan, B. R. B. Magee, M. Perron, R. D. Southern, H. A. Steinberg, H. H. Stikeman, J. H. Taylor, E. D. H. Wilkinson.

Mr. D. A. McColl then nominated the persons whose names had been read by the Secretary for election as Directors of the Bank for the ensuing year and the Chairman proposed that a ballot be taken later in the Meeting.

Auditors

It was moved by Mr. J. H. Taylor and seconded by Mr. M. Franklin —

That Mr. James R. Brown, C.A. and Mr. Guy Amideneau, C.A. be appointed Auditors of the Bank for the current year and that their remuneration in that capacity be not more than $83,000.

The Chairman proposed that the ballot on this motion be taken later in the Meeting.

Amendment to Shareholders' By-Law No. VIII

In speaking to this motion to increase the aggregate amount which may be taken by the Directors from the funds of the Bank for their services as Directors, the Chairman explained that the proposed sum of $300,000 would provide flexibility for possible future expansion in Board and Committee memberships as well as adjustments in the fees as deemed appropriate.

It was moved by Mr. A. Bachand and seconded by Mr. B. R. B. Magee —

That Shareholders' By-Law No. VIII be and is hereby amended by deleting, in the first sentence thereof, the words "one hundred and fifty" and substituting therefor the words "three hundred".

The Chairman proposed that the ballot on this motion be taken later in the Meeting.

Appointment of Proxies for the Bank's Controlled Corporations

In introducing this subject, the Chairman said: "Subsequent to the preparation of the Notice and Management Proxy Circular, the Bank's wholly-owned leasing subsidiary, about which you have already been informed, was incorporated; that company will be activated in the near future and one or two other subsidiaries may be formed during 1980. Under the provisions of the Bank Act, Shareholders are required to appoint persons to vote in the name of the Bank at meetings of controlled corporations. It is therefore proposed to you that any one of Robert L. Davidson, T. Sean Ahern and Velma M. Henderson be so appointed."

It was moved by Mr. H. A. Benham and seconded by Mr. R. D. Southern —

That any one of Robert L. Davidson, T. Sean Ahern and Velma M. Henderson, acting alone, be and is hereby appointed the true and lawful attorney of The Mercantile Bank of Canada, for and in the name of The Mercantile Bank of Canada, to attend, act and vote or to appoint proxies to attend, act and vote at any and all meetings of shareholders of each corporation controlled by the Bank.

The Chairman then directed that a ballot be taken for the election of Directors and on the motions to adopt the Directors' Report, to appoint Auditors, to amend Shareholders' By-Law No. VIII and to appoint proxies for the Bank's controlled corporations. Upon receiving the report of the Scrutineers, the Chairman declared that the four resolutions had been duly passed and that the persons who had been nominated as Directors of the Bank had been duly elected.

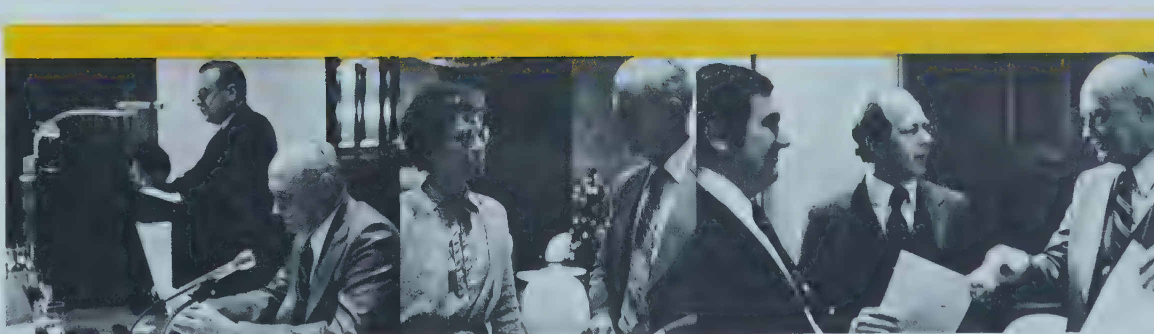
The Meeting then terminated.

G. A. Costanzo
Chairman

V. M. Henderson
Secretary

At the subsequent Meeting of the Board of Directors the following officers were elected:

Chairman
G. A. Costanzo
President and Chief Executive Officer
R. L. Davidson
Vice President
A. Bachand
Vice President
H. A. Benham



Chairman of Mercantile's board, G. A. Costanzo, addresses the meeting with Robert L. Davidson on his left.

Velma M. Henderson chats with director William E. Bergen.

Director Robert F. B. Logan confers with Bernard J. Goyette (left) and Robert L. Davidson (right).

Board of Directors

Chairman

G. A. Costanzo, New York
Vice Chairman
Citibank, N.A.

President & Chief Executive Officer

Robert L. Davidson, Montreal

Vice Presidents

André Bachand, Montreal
Director
Development Fund
Université de Montréal

Hugh A. Benham, Winnipeg
Investment Counsel

William E. Bergen, Saskatoon
Consultant

Carl W. Desch, New York
Senior Vice President & Cashier
Citibank, N.A.

Mitchell Franklin, Saint John
President
Franklin Group of Companies

John T. Johnson, Q.C., Toronto
Partner
Borden & Elliot

*Robert F. B. Logan, New York
Executive Vice President
Citibank, N.A.

Brian R. B. Magee, Toronto
Deputy Chairman
Markborough Properties Limited

Michel Perron
La Sarre, Quebec
Chairman & Chief Executive Officer
Normick Perron Inc.

Ronald D. Southern, Calgary
President & Chief Executive Officer
ATCO LTD.

H.Arnold Steinberg, Montreal
Executive Vice President
Finance and Development
Steinberg Inc.

H.Heward Stikeman, Q.C.
Montreal
Senior Partner
Stikeman, Elliott, Tamaki, Mercier & Robb

John H. Taylor, Toronto
Chairman
North American Life Assurance Company

George J. Vojta, New York
Executive Vice President
Citibank, N.A.

Edward D. H. Wilkinson, Q.C.
Vancouver
Partner
Russell & DuMoulin

*resigned February 1, 1980

Executive Officers

Head Office

President and Chief Executive Officer

Robert L. Davidson

Senior Vice Presidents

T.Sean Ahern
Administration

Patrick F. Bowditch
Credit

Raymond M. Roy
Investment and Exchange

Vice Presidents

Gillian Barnes
Personnel
Training and Development

Nathan Bossen
Corporate Planning

Maurice M. Christens
Chief Inspector

Harvey Elman
Real Estate

Reginald Noseworthy
Data Processing

Luc Pelland
Investment and Exchange

Gilles A. Séguin
Training and Development

Heinz K. Weindler
Chief Accountant

Paul E. Wilson
Leasing

Myron Zbyradowski
Investment and Exchange

Corporate Secretary

Velma M. Henderson

Banking Divisions

Eastern

Senior Vice President

Bernard J. Goyette

Vice Presidents

Larry Pirnak
Montreal

Jean A. Plamondon
Québec

Central

Senior Vice President

John E. Pierce

Vice Presidents

Allan E. Jenner
Western Ontario

James S. Parsons
Toronto

J.Scott Shelly
Hamilton

Western

Senior Vice President

Duncan Campbell

Vice Presidents

Lloyd M. Craig
Calgary

Bryan A. Dudek
Winnipeg

F.Derek McLearon
B. C. Interior

Alan J. Pyle
Edmonton

Brian McL. Romer
Vancouver

Merchant Banking

Executive Vice President and Chief General Manager

Walter A. Prisco

Vice President

John R. Groves

International

Vice President

James A. W. Van Slyck

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Manager

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James S. Parsons
Vice President

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47 James Street South
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J. Scott Shelly
Vice President

Kitchener
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Manager

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Manager

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Vice President

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Lloyd M. Craig
Vice President

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Vice President

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Executive Vice President
and Chief General Manager

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Vice President

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